

## Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 EURE-00 SSO-00 NSCE-00  
USIE-00 INRE-00 CIAE-00 DODE-00 PM-04 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
AID-05 IGA-02 IO-13 TRSE-00 /082 W  
-----026598 011713Z /43

O R 011551Z JUL 77  
FM AMEMBASSY MADRID  
TO SECSTATE WASHDC IMMEDIATE 856  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY THE HAGUE  
AMEMBASSY LISBON  
AMEMBASSY LONDON  
AMEMBASSY OSLO  
AMEMBASSY PARIS  
USMISSION NATO  
AMEMBASSY CAIRO

C O N F I D E N T I A L SECTION 1 OF 2 MADRID 5008

E.O. 11652: XGDS-1  
TAGS: PINT, SP  
SUBJECT: CABINET FOR TUESDAY, JULY 5

SUMMARY: SUAREZ, AS IS HIS CUSTOM, IS KEEPING HIS COUNSEL  
ON THE NEW CABINET, THE ANNOUNCEMENT OF WHICH HAS SLIPPED TO  
TUESDAY, JULY 5, PROVOKING THE USUAL SPECULATIVE LIST-MAKING.  
ACCORDING TO CABANILLAS, A MAJOR UCD FIGURE, SUAREZ HAS MADE  
CLEAR THAT WHILE THE PRINCIPAL UCD ELEMENTS WILL BE REPRE-  
SENTED IN THE CABINET AND PARLIAMENTARY POSTS, IT WILL BE HIS  
CABINET AND THERE WILL BE NO PROPORTIONAL SHARING OF THE  
MAJOR CABINET AND PARLIAMENTARY POSTS, SO COMMON IN COALITION  
CABINETS; A DECISION MADE EASIER BY THE AGREEMENT TO TURN THE  
UCD INTO A SINGLE PARTY. FROM THIS AND OTHER CONVERSA-  
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TIONS WE CONTINUE TO JUDGE THAT SUAREZ' M NORITY GOVERN-  
MENT WILL BE REFORM-ORIENTED -- IN ORDER TO CO-OPT ISSUES  
FROM THE SOCIALISTS -- AND COMPOSED OF A MIXTURE OF PRIN-  
CIPAL UCD FIGURES, HOLDOVER MINISTERS, PLUS A FEW TECHNO-  
CRATS. CABANILLAS' CATEGORICAL ASSERTION THAT OUTIERREZ  
MELLADO WOULD RETIRE FROM ACTIVE DUTY, BECOME THE DEFENSE  
MINISTER -- AS A HALF-WAY HOUSE TO CIVILIAN DEFENSE

MINISTER -- AND BE THE SINGLE VICE PRESIDENT OF GOVERNMENT SEEMS PLAUSIBLE, THOUGH OTHER APPROACHES ARE STILL BEING BRUITED ABOUT. BECAUSE OF THE ELECTORAL RESULTS, NO ONE ANY LONGER TALKS ABOUT THE MILITARY BEING AN IMMINENT DANGER TO THE POLITICAL PROCESS. END SUMMARY.

1. PIO CABANILLAS, A MAJOR UCD FIGURE, AT LUNCH WITH THE AMBASSADOR, MADE CLEAR THAT SUAREZ WAS KEEPING HIS COUNSEL AND THAT THE CABINET WOULD BE A SUAREZ CABINET RATHER THAN A FINELY-HONED POLITICAL BALANCING AMONG THE DIVERSE ELEMENTS OF THE UCD. HE SAW THE MAJOR EFFECT OF THE ADMINISTRATIVE REFORM TO BE THE CREATION OF A SINGLE DEFENSE MINISTRY, ELIMINATING THE THREE SERVICE MINISTERS, WHO CONTRIBUTED LITTLE TO MOST CABINET DISCUSSIONS, AND REPLACING THEM WITH THREE STATE SECRETARIES BELOW THE DEFENSE MINISTER. HE WAS CATEGORIC THAT THE SINGLE VICE PRESIDENT (REF. MADRID 4902) WOULD BE GUTIERREZ MELLADO, WHO WOULD BE CONCURRENTLY NAMED DEFENSE MINISTER AND WOULD RETIRE FROM ACTIVE DUTY TO HALFWAY ESTABLISH THE CIVILIAN PRINCIPLE IN DEFENSE.

-- CABANILLAS SHARED THE GENERAL BELIEF THAT FERNANDEZ ORDONEZ WOULD GET ONE OF THE TWO MAJOR ECONOMIC MINISTRIES, PAIRED WITH A TECHNICIAN. HE SPECULATED THAT IT MIGHT BE THE NOTED ECONOMIST FUENTES QUINTANA, OR THE PROMINENT BILBAO BANKER SANCHEZ ASIAIN, BUT DID NOT KNOW.

-- HE WAS SURE OREJA AND LAVILLA WOULD BE HELD OVER IN CONFIDENTIAL

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FOREIGN AFFAIRS AND JUSTICE RESPECTIVELY, AND THAT MARTIN VILLA WOULD PROBABLY BE HELD OVER, BUT CHANGED FROM HIS CURRENT INTERIOR POST. HE DISCOUNTED THE POSSIBILITY THAT OSORIO, CURRENTLY SECOND VICE PRESIDENT OF GOVERNMENT, WOULD BE HELD OVER, BUT WE NOTE THAT CABANILLAS HAS LITTLE USE FOR OSORIO AND THAT SOURCES AROUND THE LATTER CONTINUE TO SUGGEST TO THE PRESS THAT HE MAY STAY ON.

-- CABANILLAS IS DUE A MAJOR POST SOME PLACE, BUT FRANKLY ADMITTED HE WAS NOT PARTICULARLY INTERESTED IN THE PRESIDENCY OF THE LOWER HOUSE, FOR WHICH HE AND THE CHRISTIAN DEMOCRAT LEADER WITHIN THE UCD, ALVAREZ DE MIRANDA, ARE PROMINENTLY RUMORED. WE GATHER CABANILLAS WOULD LIKE A "POLITICAL" MINISTER WITHOUT PORTFOLIO POSITION, AND HE MADE CLEAR HIS OWN BELIEF THAT MANY OF THE MINISTRIES OUGHT TO BE FILLED BY PEOPLE COMPETENT TO RUN THEM WELL RATHER THAN "POLITICAL BRAINS," OF WHICH THERE WERE TOO MANY IN THE UCD. HE ALSO ATTACHED IMPORTANCE TO GRASSROOTS EFFORTS TO ESTABLISH THE UCD AS A POLITICAL PARTY.

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C O N F I D E N T I A L SECTION 2 OF 2 MADRID 5008

2. LOOKING AT THE POLITICAL TASK AHEAD, HE SAW THE  
GOVERNMENT'S PRIME OBJECTIVE AS PRODUCING A REFORMIST  
PROGRAM, ONE WHICH WOULD ATTRACT COOPERATION -- AT LEAST  
IN PART -- FROM FELIPE GONZALEZ AND THE SOCIALISTS, IN AN EFFORT  
TO HELP BRING THE SOCIALISTS ALONG TO A POSITION WHERE THEY  
COULD EVENTUALLY BECOME A RESPONSIBLE ALTERNATIVE. CABANILLAS,  
LIKE SO MANY CENTRIST FIGURES IN THE WAKE OF THE ELECTIONS,  
HAS NOW DISCOVERED (OR HOPES) THAT GONZALEZ IS A MODERATE.  
HE NOTED THE USUAL (AND REAL) DIFFICULTIES GONZALEZ MIGHT  
HAVE WITH THE MARXIST THEOLOGIANS IN HIS PARTY, BUT FELT THAT  
GONZALEZ HAD NOW SHOWN HIMSELF AWARE OF THE NEED TO COOPERATE  
WHERE HE COULD AND TO OPPOSE RESPONSIBLY.  
-- IN THIS CONNECTION, HE JUDGED THE PCE'S SANTIAGO  
CARRILLO, DESPITE THE COMMUNISTS' POOR SHOWING, TO REMAIN  
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A MAJOR, AND CLEVER, ENEMY. CABANILLAS THUGHT IT NECESSARY  
FOR THE GOS TO DO WHAT IT COULD TO OFFER INCENTIVES TO THE  
PSOE TO REFRAIN FROM FOLLOWING THE FRENCH MODEL AND COALESCING

WITH THE COMMUNISTS IN FUTURE ELECTIONS. IN FACT, SHOULD THE NEXT ELECTION RESULTS WARRANT IT, HE VIEWED A UCD/PSOE COALITION (THE GERMAN GRAND COALITION MODEL) AS A DESIRABLE STEP IN BRINGING THE PSOE INTO THE STATUS OF A CAPABLE, RESPONSIBLE ALTERNATIVE.

-- THE MUNICIPAL ELECTIONS WERE THE NEXT TEST, BUT WITH AN ORGANIZED UCD AND GOOD CANDIDATES HE THOUGHT THE GOS COULD SURPRISE THE LEFT, PERHAPS TOO EUPHORIC AFTER ITS STRONG CORTES SHOWING. AT THE LOCAL LEVEL, CANDIDATE REPUTATIONS WOULD COUNT FOR MUCH AMONG THE UNCOMMITTEE VOTERS WHO MIGHT HAVE VOTED FOR GONZALEZ AT THE NATIONAL LEVEL. AND THE MUNICIPAL ELECTIONS LAW SHOULD BE DESIGNED TO DETER COALITIONS BETWEEN THE SOCIALISTS AND THE COMMUNISTS.

3. CABANILLAS NOTED THAT FOR THE FIRST TIME OVER THE MANY MONTHS THAT HE HAD BEEN TALKING WITH US, IT WAS NO LONGER NECESSARY TO WORRY ABOUT A NEAR-TERM POSSIBILITY OF THE SPANISH MILITARY DOING SOMETHING FOOLISH, A JUDGEMENT WHICH WE SHARE, AND WHICH IS OF COURSE OF IMMENSE IMPORTANCE TO THE HEALTH OF THE DEMOCRATIC PROCESS. HE HAD WORDS OF PRAISE FOR THE ROLE OF THE US IN SUPPORTING DEMOCRATIZATION AND THOUGHT THAT OUR IMAGE IN SPAIN WAS BETTER NOW THAN IT HAD BEEN IN MANY YEARS. HE SUGGESTED THAT THE US CONTINUE TO KEEP A LOW PROFILE ON NATO, WAITING FOR EVENTS TO TAKE MATTERS IN THE PROPER DIRECTION. STABLER

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## Message Attributes

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